REMARKS

In response to the Office Action mailed April 2, 2009, Applicants submit this Amendment. Claims 24-32, 35-39, and 42 are pending.

In this Amendment, claims 24-31, 37-39, and 42 have been amended. Claim 36 is canceled. Claim 43 is new. Support for the amendments can be found throughout the specification. No subject matter is relinquished by the foregoing amendment, and no new matter has been added. Applicant additionally addresses the Examiner's rejections. Upon entry of the Amendment, claims 24-32, 35, 37-39, and 42-43 are pending.

For reasons set forth below, it is requested that the rejections be withdrawn and that the claims be allowed to issue.

Priority

As an initial matter, Applicants note that the petition seeking to have 202 pages added to the record as originally filed has been denied. Applicants provisionally accept the later priority date, but reserve the right to appeal the denial of the petition.

Claim Rejections

Rejection under 35 U.S.C. § 112 First Paragraph

Claims 24-32, 35-39, and 42 stand rejected under 35 U.S.C. § 112, first paragraph. According to the Examiner, the specification provides no support for the recitation of version 2.1 of the MasterCard Chip card specifications in claims 24 and 37. Further, the Examiner states that there is no support in the original disclosure for "prepayment amounts" and prepayment criteria." Finally, the Examiner states that there is no indication in the original disclosure of a "predetermined threshold" as recited in claim 36.

Applicants have amended the claims to remove references to version 2.1 of the MasterCard Chip card specifications. Applicants have further amended the claims to eliminate references to "prepayment criteria" and "prepayment amounts" in order to comply with the Examiner's rejections. Claim 36 has been canceled.

Rejection under 35 U.S.C. § 112 Second Paragraph

Claims 24-32, 35-39, and 42 stand rejected under 35 U.S.C. § 112, second paragraph as allegedly indefinite for failing to particularly point out and distinctly claim the subject matter which the Applicants regard as the invention. According to the Examiner, the recitation that the IC device is "compatible with version 2.1 of the MasterCard Chip card specifications" in claims 24 and 37 is indefinite because there is no indication as to what is needed to be compatible with this specification. The Examiner also stated that the recitation of "prepayment criteria" in claims 24, 28, 29, 30, 36, and 37 is indefinite because no definition was set forth by the Applicants.

Applicants have amended claims 24 and 37 to remove the references to version 2.1 of the MasterCard Chip card specifications. Applicants have further removed all references to "prepayment criteria" in order to comply with the Examiner's rejections.

Rejections under 35 U.S.C. § 103

Claim 24

Claim 24 stands rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over U.S. Patent No. 6.029,887 to Furuhashi ("Furuhashi") in view of U.S. Patent No. 6,003,014 to Lee ("Lee"). According to the Examiner, Furuhashi discloses storing a pre-authorized balance on an integrated circuit device, providing the IC device with a pre-authorized limit, distributing the IC device to a cardholder, determining to permit a transaction without on-line authorization if the transaction amount is less than the difference between the balance and the limit, and subtracting an amount from the funding account and altering the balance or limit by a corresponding amount. The Examiner concedes that Furuhashi does not disclose configuring the IC device to perform the transaction with an existing point of sale IC card reader compliant with at least one of the EMV '96 IC card specifications and the EMV 2000 IC card specifications. The Examiner relies on Lee for the missing teaching. According to the Examiner, Lee shows the use of an EMV IC card with a stored value application. Therefore, the Examiner concludes that it would have been obvious to modify the teachings of Furuhashi to make the IC card compatible with the EMV specifications, as taught by Lee. Applicants respectfully traverse, and request reconsideration.

To reject claims in an application under 35 U.S.C. § 103, the Examiner must establish a prima facie case of obviousness. Thus, the Examiner must identify the teachings of the prior art, identify the differences between the claims and the prior art, and determine the level of skill in the pertinent prior art at the time of invention. The Examiner must then provide a reasoned basis regarding why it would be obvious to modify the prior art to arrive at the claimed invention.

Claim 24 is directed towards a method for conducting a stored value transaction using an IC card compliant with EMV specifications at an existing point of sale integrated circuit card reader compliant with EMV specifications. The method includes, *inter alia,* storing a pre-authorized balance on an IC device in an upper cumulative offline transaction amount data element.

In order for claim 24 to be rejected under 35 U.S.C. § 103(a) as unpatentable over Furuhashi in view of Lee, it must have been obvious to a person having ordinary skill in the art to perform a stored value transaction using existing IC devices and IC card readers compliant with EMV specifications. The Examiner concedes that Furuhashi fails to teach an IC device compliant with EMV specifications that includes stored value functionality. The Examiner relies on Lee for the missing teaching. However, Applicants disagree with the Examiner's characterization of Lee. Specifically, Applicants submit that Lee does not disclose the use of an IC card compliant with EMV specifications being used to perform a stored value transaction.

Lee discloses a smart card with a stored value application program stored in card memory. *See* Col. 4, lines 37-38. The card communicates with the terminal using "command-response" format as set forth in EMV '96 Integrated Circuit Card Specifications for Payment Systems. See Col. 4, lines 46-53. However, nothing in Lee discloses, suggests, or otherwise renders obvious the invention of claim 24, which requires that the IC device (typically a smart card) be configured to perform a transaction involving a pre-authorized balance stored on the IC device using an existing terminal compliant with at least one of the EMV '96 or EMV 2000 specifications. First, the EMV specifications are not satisfied simply because the card communicates with the terminal using "command-response" techniques. Importantly, the IC card must execute a credit or debit application, not a stored-value application, to comply with the EMV specifications. *See* EMV 2000, Book 3, Part II: Debit and Credit Application Specification, page 27 (specifying details only for debit and credit applications). As such, the mention of a stored value application stored in the card memory actually teaches against considering the reference to the specifications as anything more than an example of a transmission protocol using a command-response format. By teaching a "stored value application program," therefore, the card in Lee expressly is not configured to be usable with an existing terminal compliant with EMV '96 or EMV 2000. Second, as is clear from the disclosure of Lee, the operation of the card in "command-response" format is not required. Instead, Lee states: "other protocols may be used," confirming that Lee does not disclose or render obvious the invention of claim 24, where interoperability with an EMV-compliant terminal is required.

Moreover, even assuming *arguendo* that Lee did suggest the use of an IC card compliant with EMV '96, the combination of Lee and Furuhashi still does not disclose or suggest using the upper cumulative offline transaction amount data element to enable stored value functionality in an EMV-compliant smart card as recited in claim 24. One of ordinary skill in the art would recognize that this data element is a risk management data field. The field is used to set a limit for a total amount that may be spent using the IC device before online communication is required for additional transactions. The present invention uses this risk management data field in a unique way in order to enable stored value functionality in a card that is configured to work in existing EMV terminals.

The Examiner alleges that Furuhashi teaches the use of an upper cumulative offline transaction amount data element which stores the pre-authorized balance. Applicants respectfully disagree. Furuhashi is directed to an electronic bankbook which stores, among other information, receipt data. *See* Figure 25; Col. 25, lines 52-58. The receipt data may be used to calculate the total amount of payments which falls within a fixed time period. *See* Col. 26, lines 59-64. However, Furuhashi does not specify using a risk management field to store any of this information. Indeed, the receipt data is stored in data elements specifically designed to store receipt data. No risk management data field, or any other type of data field, is repurposed to enable stored value functionality by storing the a pre-authorized balance. Furthermore, no storage location is specified for the total payment amount calculated on the basis of this data. Furuhashi does not even specify that this information is stored on the smart card, only that it can be displayed, printed out, or transferred. *See* Col. 26, lines 57-59.

Lee does not provide the missing teaching. In direct contrast to using a risk management data field to enable stored value functionality, Lee discloses a smart card which has a stored value application program stored in card memory. *See* Col. 4, lines 36-38. The stored value application has been specifically designed to process stored value transaction and as such does not require the repurposing of a risk management data field for that end.

Based on these remarks, claim 24 is non-obvious over the prior art and should be allowed. Therefore, Applicants respectfully request that the rejection be withdrawn and claim 24 be allowed.

Claims 25-32, 35, and 43

Claims 25-32 and 35 stand rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over Furuhashi in view of Lee. Claim 43 is new. In the Office Action, the Examiner stated that step (e) of claim 24 is a conditional limitation where the condition has not been met. Office Action, page 9. In response to this assertion, Applicants have amended claim 24 and added claim 43, which discloses a method in which the limitation must be met. The Examiner has presented no arguments that this method is obvious and the cited references neither disclose nor suggest this limitation.

Applicants therefore submit that claim 43 is non-obvious over the prior art and should be allowed. In addition, the argument presented above regarding claim 24 is equally applicable to claim 43. Claims 25-32 and 35 depend from claim 43 and should be allowed for at least the same reasons. Therefore, Applicants respectfully request that the rejections be withdrawn and claims 25-32, 35, and 43 be allowed.

Claims 37-39 and 42

Claims 37-39 and 42 stand rejected as allegedly unpatentable under 35 U.S.C. § 103(a) over W. Rankl & W. Effing, Smart Card Handbook (2d ed. 2000) ("Rankl") in view of the admitted prior art. According to the Examiner, Rankl shows an IC payment device including an interface configured to permit communication with an existing point of sale IC card reader, a memory storing at least one pre-authorized limit and one pre-authorized balance, a processor programmed to permit the transaction without on-line communication where the transaction amount is less than the difference between the limit and the balance and to request on-line communication where the transaction amount is greater than the difference between the limit and the balance, means for receiving a script command, and means for altering one of the limit or balance. The Examiner concedes that Rankl fails to disclose an integrated circuit card reader compliant with either the EMV '96 or EMV 2000 specifications. However, in light of the Applicants' admission that IC cards compliant with the EMV '96 or EMV 2000 specifications are within the scope of the prior art, the Examiner concludes it would have been obvious to one having ordinary skill in the art to have modified the teachings of Rankl to include a IC device compliant with the EMV specifications. Applicants respectfully traverse the rejection, and request reconsideration.

As the Examiner notes, Applicants have admitted that IC cards compliant with either the EMV '96 or EMV 2000 specifications are within the scope of the prior art. However, the EMV specifications were designed to enable credit and debit transactions only. There is nothing in the prior art disclosing or rendering obvious the inventive features of the claims, including the carrying-out of a stored value transaction using an EMV terminal. Indeed, the Examiner fails to identify any motivation for combining the stored value application described by Rankl with an IC card compliant with the EMV specifications. As Applicants have previously argued, the mere fact that designing a product for compliance with a standard would ensure interoperability does not demonstrate adequate motivation to comply with that standard when the standard is directed to a different set of products (e.g., credit or debit card applications).

Furthermore, Rankl fails to describe the use of an upper cumulative offline transaction amount data element for storing the pre-authorized balance. The cited reference explains only that the data required for the application is stored in memory. Rankl fails to disclose the repurposing of a risk management data field for enabling stored value functionality as recited by claim 37 and further described above in relation to claim 24.

Based on these remarks, claim 37 is non-obvious over the prior art and should be allowed. Claims 38, 39, and 42 depend from claim 37 and should be allowed for at least the same reasons. Applicant respectfully requests that the rejections be withdrawn and claims 37-39 and 42 be allowed.

CONCLUSION

The application is now believed to be in condition for allowance. Prompt and favorable action is respectfully requested. Applicants believe that no fees are due in connection with this submission. Should any fee be required, or if any overpayment has been made, the Commissioner is hereby authorized to charge any fees, or credit or any overpayments made, to Deposit Account 02-4377. The Examiner is invited to contact the undersigned to schedule a telephonic interview if he believes that would advance prosecution of the application.

Respectfully submitted,

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